



August 13, 2012

Consumer Use of Reverse Mortgages

Executive Summary

- The Consumer Financial Protection Bureau (CFPB) has issued a request for information to assist its ongoing study of reverse mortgage transactions.
- Specifically, the agency is seeking detailed information on the factors that influence reverse mortgage consumers' decisionmaking, consumers' use of reverse mortgage loan proceeds, longer-term consumer outcomes of a decision to obtain a reverse mortgage, and differences in market dynamics and business practices among the different channels that offer reverse mortgages.
- The CFPB has authority to implement regulations on reverse mortgage transactions, including with federal consumer financial laws, such as the Truth in Lending Act and Real Estate Settlement Procedures Act. In addition, Section 1076 of the Dodd-Frank Act provides the agency with authority to regulate reverse mortgages that are "unfair, deceptive, or abusive" and may provide for integrated and model disclosures.
- Further, Section 1076 of the Dodd-Frank Act also required the agency to conduct a study on reverse mortgage transactions. The CFPB has published this [study](#) in a June 28, 2012 Report to Congress, which provides details regarding reverse mortgage products, the market, current regulatory structure, and consumer protection concerns.
- Comments on the request for information due to the CFPB by August 31; **please submit your comments to CUNA by August 22, 2012.** Please e-mail your comments or questions to CUNA Regulatory Counsel Dennis Tsang at dtsang@cuna.com and CUNA SVP Deputy General Counsel Mary Dunn at mdunn@cuna.com; you may also call (800) 356-9655 ext. 6733.
- For further details, please visit the CFPB's [request for information](#) in the Federal Register.

Questions to Consider Regarding the Request for Information

1. Does your credit union offer reverse mortgage products to its members? Why or why not?

2. If your credit unions offers reverse mortgage products:
 - a. Are you aware of the factors are most important to consumers in deciding whether to get a reverse mortgage, or in choosing among products?

 - b. Are you aware of what factors are most important to consumers in choosing among potential lenders?

 - c. Nearly 75% of recent reverse mortgage consumers took out all of their available funds upfront in a lump sum. Are you aware of what consumers do with these funds? _____
 - d. Some reverse mortgage consumers use reverse mortgage loan funds to refinance a traditional mortgage or home equity loan/line of credit, or to consolidate non-housing debts. Are you aware of any such uses?

 - e. What are compensation arrangements on reverse mortgage products?

3. Any other comments or suggestions regarding this request for information on reverse mortgages?

Thank you very much for your time and comments.